

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5917-02
Bill No.: HB 2424
Subject: Motor Fuel; Motor Vehicles
Type: Original
Date: April 18, 2016

Bill Summary: This proposal modifies provisions relating to the alternative fuel decal fee for plug-in electric hybrid vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Road	(Less than \$100,000)	(Less than (\$100,000))	(Less than \$100,000)
Total Estimated Net Effect on Other State Funds	(Less than \$100,000)	(Less than (\$100,000))	(Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	(Less than \$25,000)	(Less than \$25,000)	(Less than \$25,000)

FISCAL ANALYSIS

ASSUMPTION

Section 142.869 Alternative Fuel Decal Fee Reduction

Oversight was unable to receive agency responses in a timely manner due to the short fiscal note request time. Oversight has prepared this fiscal note with the best current information that we have, or with prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will prepare an updated fiscal note and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Oversight assumptions

Oversight notes this proposal would reduce the current \$75 alternative fuel decal fee by 50% for hybrid vehicles with a model year of 2017 or newer which have an internal combustion engine and a plug-in recharge system for electric batteries. The proposal also includes a provision to adjust the fee annually based upon the Consumer Price Index for all Urban Consumers for the United States as reported by the Bureau of Labor Statistics.

Oversight will assume this simple fee reduction proposal would not have an administrative or fiscal impact to the Department of Revenue, and that other state agencies would either have no impact or a minimal impact that could be absorbed with existing resources.

Oversight also notes that, according to Department of Revenue officials, \$322,991 was collected from the sale of 1,895 Alternative Fuel Decals in the fiscal year ended June 30, 2014. DOR officials stated the number of hybrid vehicles which would qualify for the reduced fee is not available; however, Oversight notes that the calculated average fee based on reported sales is \$170.

ASSUMPTION (continued)

DOR officials also provided the fee scale for Alternative Fuel Decals:

Passenger cars, trucks under 18,000, and school buses	\$75
Trucks from 18,000 to 36,000 pounds with a farm tab	\$100
Trucks from 18,000 to 36,000 pounds and commercial buses	\$150
Trucks over 36,000 pounds with a farm tab	\$250
Trucks over 36,000 pounds	\$1,000

This proposal would reduce the decal fee amount for an unknown proportion of the alternative fuel vehicles from \$75.00 to \$37.50. Oversight assumes the relatively high average decal fee would indicate a significant number of decals are purchased for heavy vehicles, and notes that a revenue reduction of \$100,000 would require the fee reduction to apply to $(\$100,000 / \$37.50) = 2,667$ vehicles.

Also, according to the Department of Revenue website, 75% of the fees are deposited to Road Funds and 25% of the fees are distributed to cities and counties. Oversight will indicate a revenue reduction less than \$100,000 for Road Funds and less than \$25,000 for local governments, split between cities and counties.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
ROAD FUNDS			
<u>Revenue reduction -</u> Alternative Fuel Decal fee reduction	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON ROAD FUNDS	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL GOVERNMENT			
<u>Revenue reduction - Cities</u> Alternative Fuel Decal fee reduction	(Less than \$15,000)	(Less than \$15,000)	(Less than \$15,000)
<u>Revenue reduction - Counties</u> Alternative Fuel Decal fee reduction	(Less than \$10,000)	(Less than \$10,000)	(Less than \$10,000)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	(Less than <u>\$25,000</u>)	(Less than <u>\$25,000</u>)	(Less than <u>\$25,000</u>)

FISCAL IMPACT - Small Business

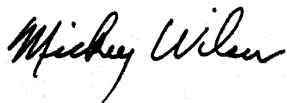
This proposal would have a direct fiscal impact to small businesses which operate hybrid vehicles which would qualify for the reduced alternative fuel decal fee.

FISCAL DESCRIPTION

The proposed legislation would modify provisions relating to the alternative fuel decal fee.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION



Mickey Wilson, CPA
Director
April 18, 2016

Ross Strobe
Assistant Director
April 18, 2016